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FM AMEMBASSY DUSHANBE
TO RUEHC/SECSTATE WASHDC 9878
INFO RUEHAK/AMEMBASSY ANKARA 1972
RUEHBJ/AMEMBASSY BEIJING 1946
RUEHRL/AMEMBASSY BERLIN 1872
RUEHBS/USEU BRUSSELS 1191
RUEAIIA/CIA WASHDC
RUCNCIS/CIS COLLECTIVE
RHEFDIA/DIA WASHINGTON DC
RUEHDBU/AMEMBASSY DUSHANBE 1517
RHMFIUU/HQ USCENTCOM MACDILL AFB FL
RHMFISS/HQ USEUCOM VAIHINGEN GE
RUEHIL/AMEMBASSY ISLAMABAD 2056
RUEHBUL/AMEMBASSY KABUL 2019
RUEHLO/AMEMBASSY LONDON 1806
RUEHML/AMEMBASSY MANILA 0150
RUEHNE/AMEMBASSY NEW DELHI 2028
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RUEHFR/AMEMBASSY PARIS 1606
RUEKJCS/SECDEF WASHDC
RUEHKO/AMEMBASSY TOKYO 1625
RUEHNO/USMISSION USNATO 1776
RUEHVEN/USMISSION USOSCE 1930
RUCNDT/USMISSION USUN NEW YORK 1412
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SUBJECT: TELECOM IN TAJIKISTAN: SCENE-SETTER FOR USTDA CONFERENCE IN ALMATY

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11. (SBU) SUMMARY. While Tajikistan's presence at the upcoming US Trade and Development Agency Telecommunications Conference in Almaty will be thin, the vibrant and competitive Tajik telecom sector continues to attract both consumers and foreign investment. Nine major companies serve approximately 800,000 mobile customers throughout the republic. Success brings unwanted attention as well - President Rahmonov capriciously decided to tax telecom companies on the importation of equipment; and the Ministry of Transportation and Communications has plans to create a single gateway to control digital traffic. The government-owned land-based monopoly Tajik Telecom struggles to keep up, despite official market interference. Undeterred, the entrepreneurial Tajik cellular phone operators debate pricing structures and "third generation" technology.
END SUMMARY.

12. (SBU) The Tajik Ministry of Transportation and Communications is unlikely to play an active role at the April 3-5 conference in Almaty. Abdurahim Ashurov, head of the newly combined Ministry and former Minister of Transportation, leaves telecommunications issues to his deputy, Beg Zuhurov. Post actively sought Zuhurov's participation in the conference, but presidential administration reticence to allow travel by any high-level ministerial personnel halted this opportunity. In his stead, Nurinisso Boboeva, the Soviet-thinking head of the Ministry's International Department, will attend, along with Rahmonali Hasanov, General Director of Tajik Telecom, and Anora Zakirova, Director of the Agency of Communication Regulations. No private Tajik telecom operators plan on attending, due to a lack of understanding of how the conference might help them.

13. (U) Major improvements in the country's telecommunications

infrastructure continue, however. According to recent news reports, Kazakh Telecom is opening a representative office in Dushanbe for the purpose of installing a fiber-optic network connecting Kazakhstan and Tajikistan through Kyrgyzstan, potentially extending to Afghanistan and Pakistan. (Comment: Ironically, this occurred on the same day that Kazakh Air indefinitely cancelled its Almaty-Dushanbe flight. One step forward, two steps back. End Comment.) Under an agreement signed in December 2006, China Development Bank will provide a \$73 million long-term loan to improve telecommunications services in Tajikistan. The loan will be used to purchase modern equipment for TK-Mobile and Tajik Telecom. The European Bank for Reconstruction and Development is supporting modernization of the country's telecommunications network through investment in new digital switching and transmission equipment in Dushanbe and regional centers.

¶4. (U) Foreign direct investment drives the development of telecommunications services in Tajikistan through joint ventures. The leading companies include: Indigo Somoncom, Indigo Tajikistan, and Skytel - U.S.-Tajik joint ventures; TK-Mobile and M-Teko with China; and Beeline and MegaFon with Russia. The sprawling Tajik system functions on several standards, including GSM, AMPS, CDMA450, CDMA20001X, 3G-UMTS and 3G. A liberal mobile licensing policy and comparatively low market entrance cost have driven the rapid growth of cellular operators and related competition between wireless standards. Other contributing factors include the low penetration rates in both fixed-line and mobile communications, and the rapid growth in disposable income.

¶5. (U) An active telecom association regularly brings together the heads of the Tajik cellular operators to discuss pricing plans, government interference, and interoperability. Operating within a culturally suitable brand of communal capitalism, cellular companies set standard prices for

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connecting with each other. At an Embassy-hosted telecom lunch February 21, EconOfs listened as all the major operators discussed moving away from the "Receiving Party Pays" and "Mobile Party Pays" models to the "Calling Party Pays" model, which would make landline phone users pay for connecting with cellular customers.

¶6. (U) As revenues in the telecom sector in 2006 approached \$70 million, the Tajik government moved to clamp down on the industry by creating a Unified Communication Center. The center would make all calls flow through a centralized system, allowing the Ministry of Interior or other security services to monitor telephone calls, and supposedly increasing tax revenues. Starting in early 2006, the cellular operators have vehemently opposed reducing the efficiency of the network while removing their customers' protections. The government backed off, but has not entirely abandoned its goals to control more tightly the flow of information -- and revenue.

¶7. (SBU) Comment: Despite the absence of top telecom-policy makers, post believes the Almaty conference will provide the Tajik officials a more Western-oriented viewpoint on regulating the telecommunications industry, something sorely needed in a Soviet-minded bureaucracy that is not yet part of the information age. Meanwhile, the enormous potential for expansion makes telecom one of Tajikistan's few appealing investment sectors. End Comment.
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